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HOW DIGITAL TECHNOLOGY  
IS CHANGING MARKETING  
STRATEGY

TAKING SEARCH MARKETING  
TO NEW LEVELS

WHY ONLINE SOCIAL COMMUNITIES  
ARE THE PLACE TO LOOK FOR  
PROSPECTS

HOW DIRECT IS EVOLVING  
TO STAY RELEVANT



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*a magazine for marketers*

VOLUME 3

ISSUE 1

MARCH 2007



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DELIVERMAGAZINE.COM

**I JUST READ** a very amusing book that recounts the tale of a creative in an ad agency. I laughed out loud as the author depicted some of the more ridiculous aspects of the industry, including bizarre client pitches, creative inspiration sources and a wacko account team. One of the principal antagonists “gets” his due in the book when he is promoted — to the direct group! There is much laughter and rejoicing by the main characters who have lost their demon to the “dead-end world of direct.” Ouch!

Thankfully, in the real world direct is very much alive and kicking. As we demonstrate in this special issue of *Deliver*,® direct marketing, with its focus on delivering highly targeted, impactful messaging and measurable results, is succeeding even as the digital revolution continues to unfold.

So what’s so special about the copy of *Deliver* you’re reading? Well, a few things. First off, we have updated our design a little

so that our magazine continues to deliver a contemporary, hopefully enjoyable, reader experience. Also in this issue you’ll find a detailed, multi-part survey on where marketing is headed. We hope you find it provocative and insightful — and we certainly don’t expect you to agree with everything. Either way don’t forget to drop us a line (or post a comment at our new Web site, delivermagazine.com) and let us know your thoughts.

Finally, this is my last issue as editor of *Deliver*. I’m moving on to a different assignment in the United States Postal Service,® but I leave you in the capable hands of Cat Moriarty. I’m sure you’ll treat her with the same courtesy and respect that you did me (ahem). Congrats Cat, and good luck.

*Patrick O'Connell*



GETTY/ RETOUCHING BY LEE LAND STUDIOS



08



12



26

VOLUME 3  
ISSUE 1  
MARCH  
2007

# CONTENTS

- 02 EDITOR'S LETTER
- 04 FEEDBACK
- 05 LEADER COLUMN
- 31 LAST WORD

## 08 The Digital Revolution

The rules of marketing may not have changed, but given the array of technologies available — and the insurgence of consumer opinion — the way we choose to market certainly has.

## 12 Not-So-Random Search

Today, Web sites are the purchase gateway for so many customers. That’s why using the full gamut of search engine marketing techniques makes all kinds of sense.

## 18 Where the Prospects Are

Successful marketing requires us to first find prospects, then bring our messages to them. With the proliferation of online congregation sites, we now have more opportunities than ever to get our messages heard.

## 22 The Media Makeover

As new media options become available (think blogs and podcasts) some marketers are dismissing the good, old-fashioned marketing channels such as print and broadcast. Is this the way to go, or a waste of time?

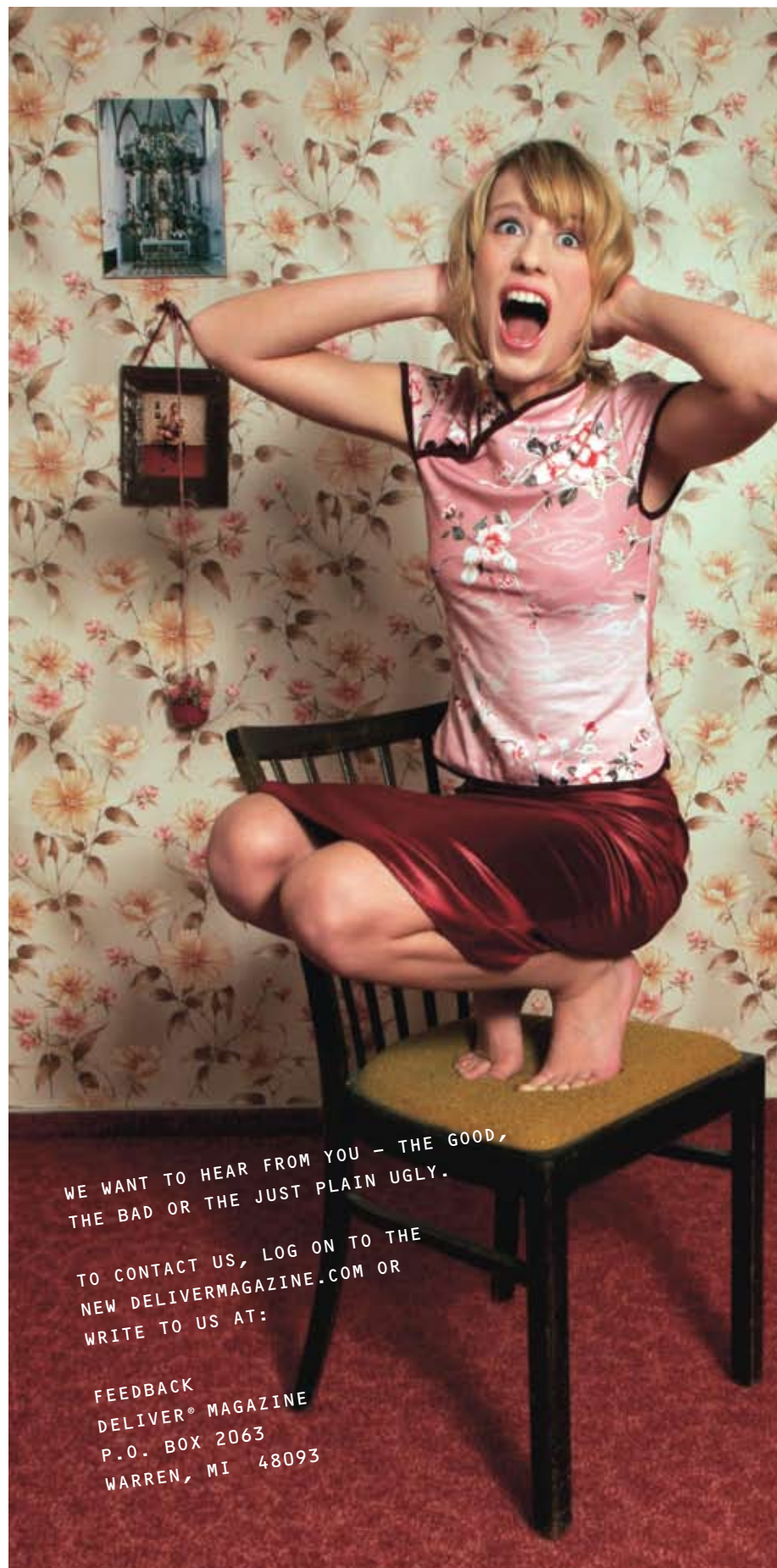
## 26 Direct Unbound

Even with massive competition from new media, direct marketing proves it’s in it for the long haul.

COVER PHOTOGRAPHY BY  
HOLLY LINDEM



usps.com/deliver



### KEEP IT COMING

At Red Galoshes, we employ a number of marketing means, including online search, so the *Deliver*® article about Yahoo will help keep us current. In fact, we're circulating the article around the office right now. We're also developing plans to evolve our Web site to more of a partnership model, so the article about Charles Schwab and its efforts to develop relationships with its customers was very timely as well. Thanks! We're all looking forward to the next issue.

— Steve Johnson, Boston, Mass.

### JUST ADD WATER

I found three great ideas for my marketing efforts in your December 2006 issue: one for my neighborhood Web site and two for my direct mail campaign. Great read! Thanks.

— Dick Smith, Oklahoma City, Okla.

### CALL IT LIKE YOU SEE IT

Regarding your recent article about consumers' "top 10 marketing preferences" ("The Resistance Movement," Nov. 2006), the problem is you're reporting what consumers say they like, rather than what they actually do. For instance, the first point says that respondents prefer marketing that is "short and to the point." Yet, for many products sold through direct response, long copy routinely out-pulls short copy. Why? Because if you want people to pay cash upfront for a product sold sight unseen, you have to get their attention, engage their interest, overcome objections, explain terms and take the order. That takes a lot of words. The only meaningful way for consumers to vote on their favorite marketing campaigns is with dollars, not with focus groups or answers to surveys.

— Bob Bly, Dumont, N.J.

PUNCHSTOCK

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*Deliver* is published six times yearly by Campbell-Ewald Publishing, a division of Campbell-Ewald, 30400 Van Dyke, Warren, MI 48093-2316. Tel: 586.558.5249. Visit *Deliver* at delivermagazine.com, or send us an e-mail at delivermag@usps.com.

Subscription rates for the U.S.A.: \$3.95 per issue. Subscription requests should be sent to: Deliver, Subscription Center, 30400 Van Dyke, Warren, MI 48093-2316. If you prefer not to receive *Deliver*, please e-mail us at delivermag@usps.com. Manuscripts and photographs are submitted at the sender's risk. Enclose a self-addressed, stamped envelope for return of material. Submission of material implies the right to edit and publish all or in part. © 2007 United States Postal Service. All rights reserved.™ Trademark of the United States Postal Service. Your information is protected by our privacy policies. See usps.com for details. Unless otherwise indicated, the Postal Service does not endorse any individual or company, nor any service or product not offered by the Postal Service.



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ONLINE AT THE NEW  
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# Keeping Pace

As digital changes the way we think about marketing, direct is even more relevant

**IF THE WEB 2.0 EXPLOSION** has you feeling like you've been sucked through a worm-hole into an alternate universe, you're not alone. The pace at which digital technology is developing and its implications for the marketing world are keeping plenty of marketers awake at night.

So thank goodness we're here to help. This issue of *Deliver* is completely devoted to helping you become an expert on the digital revolution and privy to the smart, strategic thinking that's delivering success to companies that embrace this brave new world. (Don't you feel better already?)

From search to Second Life via blogs, wikis and social networks, the prosumer has firmly taken control of the way they consume (and participate with) media, not to mention the relationship they enjoy (or not) with brands. Intoxicating stuff.

Of course, the one question you're dying to ask is, 'Does direct marketing have a role to play in all this?' The answer is an unreserved and passionate YES. In our view, and as our survey demonstrates, not only will new forms of digital media not replace direct, they're actually helping enhance it.

So enjoy this issue of *Deliver*. We hope it delivers new thinking and insight that help you stay ahead of the game. That's always been our goal, and in a time where the only constant appears to be ever-increasing change, it feels like our mission has never been more urgent.

NEW IDEAS, NEW TOOLS, NEW STRATEGIES

# NEW REALITY



PHOTOGRAPHS BY  
DEREK BLAGG

If the recent explosion of digital marketing solutions has you feeling a little outdated, here's how you can get out in front of the curve.

## Prologue: The emergence of digital

technology has many marketers feeling as outdated as characters from a silent movie. Consumers flit past television ads with their DVRs, ignore print ads and trash a company's brand in online chat rooms. The growing presence of digital technologies serves only to add to the confusion: What's your viral strategy, where does your brand play in all those online social networks, and what the heck is a wiki anyway?

So, for all of the beleaguered heroes out there, we present a special issue of *Deliver*® devoted entirely to the status of the marketing world, the digital phenomenon and what smart marketers need to do to cope. We've put together a package of five stories that offer a clear-eyed view of the challenges that marketers face, with an analysis of how traditional media, including direct, stay relevant.

Marketers must learn to alter their strategic thinking for this new reality and rethink their methods for reaching and interacting with newly empowered customers. For while marketing is an age-old process, the new technologies — and the power they grant to your customers — are changing the rules of the game.

So, grab a cup of tea, put on some nice ragtime and take a deep dive into the current state of marketing. Who knows, you might even learn something new.



# THE DIGITAL REVOLUTION

BY: CHRISTOPHER CAGGIANO

CHAPTER 1, IN WHICH OUR CHARACTERS DISCOVER THAT DIGITAL TECHNOLOGY IS CHANGING NOT ONLY THE TOOLS WE USE TO MARKET, BUT ALSO THE WAY THAT WE THINK ABOUT INFLUENCING AND IMPACTING CUSTOMERS.

With all the hyperbole, it's hard to get a handle on the new marketing landscape. Has the Internet really changed all the rules? Do new forms of media represent an evolution or a revolution? Five years from now, will the marketer's job be completely different from what it is now?

The answer may be "yes" to all the above. There's no question that marketing has experienced extraordinary challenges in the last few years. Consumer resistance to marketing is at an all-time high, and opportunities to avoid commercial messages abound. DVRs allow TV viewers to zip past commercials. Spam filters help avoid unwanted e-mail messages. The national Do Not Call list decimated telemarketing. And the Internet and mobile technologies have siphoned an increasing percentage of readership and viewership away from traditional media. Digital technology is also changing the way people consume media, allowing them access when they want it.

The fundamental rules of marketing may not have changed: find a way to influence people's opinions about your product or service. But the way marketers are doing this, such as reaching out to key influencers of online communities, is changing the way marketers think and operate.

"Using huge sums of cash to try to change a stranger into a customer is no longer economically viable," says Seth Godin, author of *All Marketers Are Liars*. "You have to hand the megaphone to the people who agree with you."

For example, Godin recently started an online networking site called Squidoo, where people can create pages about the topics that interest them. One such page is devoted to nothing but laptop bags. "That page is seen by thousands of purchasers every week, and it's more influential than any retailer or online seller," says Godin.

True, the traditional media certainly aren't going away, at least not immediately. "We have a bunch of new tools, but they're not going to replace everything else," says Jack Trout, co-author of *The 22 Immutable Laws of Marketing*. "Right now 95 percent of advertising dollars are still flowing into the traditional media." (See chart, next page)

But the growth rates on the digital side suggest that is likely to change very quickly: Although most advertising dollars may be spent on traditional media now, that may not be the case five years from now.

But marketers need not wait for the revolution: It's already under way. The Internet is already changing the

way marketers think about their jobs, and it's poised to change everything they do as well.

The Internet is categorically different from any previously existing media channel. It empowers consumers to research, shop and purchase goods and services with unprecedented speed and ease. Plus, the Internet has the potential to replace all traditional delivery systems for video, audio, music, data, etc. So that unlike previous times when a new medium came along only to supplement the existing mix, this time it's different: The Internet will certainly impact all media. That might not happen for another five to 10 years, but once providers figure out the business models and delivery issues, anything goes.

## Building the right model

One thing that hasn't changed — but that needs to — is that marketing needs to permeate the entire organization. Successful marketing starts by creating something that customers will want to talk about, and ultimately buy. "Marketers have a really hard time coming to grips with the fact that they have to run the whole company," says Godin. "Marketing used to equal advertising. The R&D guys would come up with something and then tell marketing, 'Go and sell this.'"

Now, says Godin, everything the company does is marketing, from the way employees answer the phone to the way the company recycles old components. "So, the next time the product guys come to you with a mediocre product, you can refuse to sell it," says Godin. "You only have to do that once or twice before the products get a lot better."

Another big change is the way marketers communicate with customers. In the past, marketers were content to do all the talking. But that's not effective anymore (if it ever was). If there's anything the Internet has shown, it's that consumers always had the last say in what your brand was about. It's just much more obvious now thanks to blogs and online social networks. The Web amplifies the word-of-mouth effect.

Businesses need to engage in a dialogue with customers. "Branding will always be important, but it should never be confused with having a relationship," says Martha Rogers, Ph.D., co-author of *Return on Customer: Creating Maximum Value from Your Scarcest Resource*. "A relationship requires interactivity, and you can't have a relationship if you're the only one who's talking. Brands will always be important, but this relentless, slavish homage paid to branding efforts is on its way out."

"With blogs, podcasting, and online video sites, now anyone can be a publisher and a broadcaster," says Ben McConnell, co-author of the popular "Church of the Customer" blog. "Some 58 million Americans are regular content creators." Leading the charge are the millennials (those born in the '80s and '90s), closely followed by Gen X. "These

FORECASTED U.S. AD SPENDING IN 2007			
Medium	Dollars (millions)	Percentage change	Percentage of total (national)
Major TV networks	\$17,442	3.0%	8.9%
National spot TV	\$11,144	0.0%	5.7%
Cable TV	\$20,362	6.5%	10.4%
Syndicated TV	\$4,301	6.0%	2.2%
National radio	\$4,588	4.0%	2.3%
Magazines	\$14,096	5.0%	7.2%
National newspaper	\$7,313	1.0%	3.7%
Direct mail	\$64,405	7.5%	32.9%
National yellow pages	\$2,229	3.0%	1.1%
Internet	\$10,715	15.0%	5.5%
Other national media	\$39,045	5.7%	20.0%
TOTAL national spending	\$195,640	5.9%	
TOTAL including local media	\$298,773	4.8%	

Source: Universal McCann

people are growing up using this stuff," says McConnell. "As they enter the job market, these social media will have a major impact on the culture of business."

How can marketers take advantage of this wave of social networking? The best approach may be to go with the flow. "Some marketers call in the lawyers when people talk about their companies, whether it's on a blog or a social networking site, and start suing people for using their content or copyrighted material," says McConnell. This can do more harm than good. "You're a lot worse off if customers perceive that the company is controlling or manipulating the content," he says.

The better option is to get involved in the existing conversations. If bloggers are writing about your product or service, whether they're heaping praise or scorn, you can go to their sites, acknowledge their interest, and answer any questions. "The most important thing is complete transparency," says McConnell. "If you are disguised in any way, and people find out, that will raise questions about the authenticity, trust and reliability of your company. And those are three things that no company can afford to be questioned about."

## Letting go

Rather than fight new media, modern marketers would be wise to embrace them and find a way to make them work for their brands. "One of the greatest media blunders occurred

in the '50s and '60s when magazines sat down and said, 'TV is a threat, we have to fight it,'" says Joe Cappel, author of the book *The Future of Advertising: New Clients, New Media, New Consumers in the Post-Television Age*. "And they lost. Many major magazines went under." Instead, those magazines could have become information providers for TV, bringing their brand names to this powerful new medium.

To embrace this new technology, many marketers are now using direct mail to drive prospects to their online sites or putting their broadcast content online, then tracking the downloads. The catalog business has increased the number of mailings it sends, but is using the traditional catalog in a whole new way.

"You're seeing a lot of catalogers using the Web as a chance to clean up their catalogs, tell more stories, and move some of the info load onto the Web site," says marketing author Trout.

But too many marketers, while acknowledging the importance and power of new media, decry the lack of control that these media afford them over their brand message. Well, truth be told, marketers have never really had complete control of their brands. The Internet just brings more of that to the fore, since it affords consumers a platform to share their thoughts and ideas.

The underlying principles of the new media are freedom of speech and freedom of association. "These communities of people say whatever the hell they want, and those democratic principles are what's driving the popularity of these communities," says McConnell. "To try to strong-arm them into doing the bidding of the brand would be a recipe for disaster." **D**



# ***NOT-SO-RANDOM SEARCH***

*BY: ELAINE APPLETON GRANT*

CHAPTER 2, WHERE OUR CHARACTERS  
LEARN THAT SEARCH MARKETING IS MORE  
THAN JUST BUYING SOME KEYWORDS.  
TODAY, SEARCH USES SOPHISTICATED  
TECHNIQUES TO BLEND THE STRENGTHS OF  
OFFLINE AND ONLINE COMMUNICATIONS.



One day last March, Liz Murphy sat watching *Oprah*, listening to every word her guest, actress Meg Ryan, said. Murphy, who runs a search engine marketing firm called RedBoots Consulting LLC in McLean, Va., was making rapid-fire, critical decisions, and she was spending thousands of dollars a minute doing so.

As she watched the show, she was working for her client, the international development nonprofit CARE. As a search engine-marketing expert, Murphy was the linchpin in a multi-channel rebranding campaign for the 60-year-old humanitarian organization, which CARE Internet strategist Tobias Smith said was perceived as “an agency that responds during emergencies.”

To help sharpen its message, CARE chose to refocus its efforts specifically on women in developing countries, where women are often the breadwinners and caretakers. Centered around the slogan “I am powerful,” the campaign inspires Western women to help impoverished women around the globe.

CARE, under the leadership of Vice President for Marketing and Communications Adam Hicks, used every channel it could afford, employing Meg Ryan and other celebrity spokespeople, online advertising, airport kiosks, billboards, direct response, direct mail and public service ads.

Tying all those channels together were the search techniques — search engine optimization, pay-per-click search engine ads and contextual ads — that pulled visitors to CARE’s Web site from whatever media they happened to see.

Search engine marketing (SEM) has come a long way from its roots: Successful execution today takes a lot more than bidding for keywords. It’s a sophisticated blend of techniques that build on the strengths of on- and offline advertising and public relations, while helping measure the return on investment of that advertising and PR as well.

In an age where Web sites are the purchase gateways for so many customers, using a wide range of SEM techniques seems like common sense. That’s because search can do something that no other single channel can: It can reach consumers and customers no matter where they are in the buying cycle.

Steven Kaufman is senior vice president and media director for the digital advertising agency Digitas, in Boston. “We say you should be thinking about search all the time, no matter what,” he says. “There’s no more qualified lead than somebody who is actively seeking information that you can provide.”



#### We Care

CARE has rebranded itself as an organization that empowers women. Its slogan? “I am powerful.” It uses search engine optimization to pull visitors to its Web site.

That means being savvy enough to anticipate what people will search for. For instance, as Meg Ryan talked about CARE, Murphy rapidly jotted down key words from her interview — words that Murphy presumed interested viewers would search for following the show. When it ended, she immediately purchased them on major search engines.

Murphy’s hunt for the perfect search terms didn’t end there. She and her colleagues then turned to major online news sites to see what the press was saying about Ryan’s first interview in two years. Murphy bought terms that appeared in headlines, because they have a greater chance of showing up in an Internet search. “If the New York Times or Reuters leads with something about our client, we want to buy those same terms, because we know that people are reading it online and they will search for information,” she says. “Search is real-time, constant monitoring, reacting instantaneously to everything.”

In addition, CARE boosted the exposure of ads it was already running on Oprah.com anticipating Ryan’s appearance on the show. “We bought at least a million impressions that day. Our ads were ‘road-blocked’ around the editorial story about the show,” Murphy says. Timing those ads with Ryan’s appearance created the search world’s version of a home run: “We saw a gigantic increase in clicks to the CARE site.”

In the world of search engine marketing, what Murphy did is known as search engine-optimized (SEO) public relations. The principle is, if you’re publicizing something, watch how people talk about it and write about it, then capture those keywords fast and use them to lead your targets to your Web site.

It’s one tactic search experts are using to blend offline and online marketing campaigns. In CARE’s case, using SEO, SEO PR and search engine advertising (SEA) to capture interest generated by the offline campaign worked beautifully. The campaign drove approximately half a million new visitors to its Web site. The campaign’s goal was brand awareness; however, within three months, those new visitors donated an extra half a million dollars to help fund CARE’s efforts.

## Testing 1,2,3

For the marketing professional with a limited budget who wants to try new things, search campaigns are an inexpensive, fast way to test a marketing venue and several offers. But they’re also flexible and forgiving: They can be changed on the fly, or quickly scrapped, if they’re not working out.

That was the case for Leanne Merz, director of e-commerce for Scott Specialty Gases Inc., a specialty gas supplier in Plumsteadville, Pa. For the last three years, Merz has been working with Digital Brand Expressions LLC, an SEM firm in Kingston, N.J., to optimize Scott’s Web site so that it would appear at the top of search engine results, above its competitors. Merz also uses the agency to create and run pay-per-click ads. The combination of tactics has resulted in a 168-percent increase in site traffic over a three-year period.

Last year, Merz embarked on a contextual ad campaign, also known as “context match.” In such a campaign, ads appear on search engine result pages but also on “partner” sites to the search engine. The sites are determined by how closely their content matches the chosen keywords. In Scott’s case, partner sites included industry journals, news sites and blogs. Merz agreed to a three-month trial period to use context match to seek new customers trying to solve technical challenges.

The test provided interesting results. Although people clicked on Scott’s ads, they didn’t submit information on the company’s form. “The content was well matched and well placed,” says Merz, “but we missed the boat.” She said the company’s landing page, a text-heavy page that described the company and asked visitors about their needs, didn’t produce the expected results.

In three months, enough data was generated to show this approach wasn’t as on-target as other campaigns, but the experiment only cost her \$1,000. The value of trying such programs is that they are measurable and don’t drain marketing resources. She’s even open to trying this strategy again in the future.

## Measuring up

Of course, Web site traffic is at best a broad measure of success, one that alone tells little about ROI. The promise of SEO and SEA is that they’re highly measurable. Some marketers are making the most of that measurability. One such executive is Jeff Adams, e-commerce manager for Johnston & Murphy, a footwear and apparel company in Nashville, Tenn.

Last year, working with SEM firm Range Online Media in Fort Worth, Texas, Adams conducted an integrated campaign designed to attract young, affluent men to Johnston & Murphy’s stores, catalog and Web site. He spent 50 percent of his ad budget on search; the other 50 percent went to magazine ads and interactive online display ads.

Using source codes and tracking tags, Adams was able to determine not only that paid search was working to lift Web site traffic, but that it also significantly increased e-mail signups, catalog requests and store-locator inquiries — all of which lead to later offline sales.

The online ads worked — as the beginning of a chain of events. Working with Range Online Media president Misty Locke, Adams measured conversion from banner ads alone, spikes in search, and conversion from search. Locke says many marketers don’t evaluate those “interaction points,” and as a result may misinterpret the success of their campaigns.

One reason marketers often neglect to measure the points where on- and offline campaigns intersect, say search marketers Locke and Liz Murphy of RedBoots: When marketing teams work in silos (with different executives planning

**“There’s no more qualified lead than somebody who is actively seeking information that you can provide.”**

**STEVE KAUFMAN, SVP, MEDIA DIRECTOR, DIGITAS**

online and offline campaigns, and often different agencies executing them), they often fail to include search specialists in strategy meetings. When marketers bring search professionals in later, it may be too late.

Murphy tries to ensure that her agency is on the marketing team from the very beginning: “When we go in to a client, the first thing we ask is, ‘What direct marketing materials or direct mail are you sending? What are you doing in TV, in print, in any of the channels we’re not going to be directly responsible for?’ We want to understand how we integrate.”

Once she gets a picture of the overall campaign, Murphy can plan to create specific landing pages, for instance, for various search terms planted in the different media. She can also help to optimize her client’s Web site to ensure that, when people search on keywords in, say, a TV ad, they’ll find the right Web site. **D**



SIT. CHILL. HAVE SOME SORBET.  
THE EVOLUTION OF MARKETING WILL WAIT.  
(OH, AND CHECK OUT THE FRESH  
DELIVERMAGAZINE.COM WHILE YOU DO.)

# UNDER THE BIG TOP

## MASTER THE MARKETING CIRCUS

What do you get when you let *Deliver*® sponsor a marketing symposium? A circus, of course (but in a good way). Our one-day, three-ring program will happen March 27 in Washington, D.C. Sign up now, or get more information about the program, at [npf.org/reg13](http://npf.org/reg13).

### Ring One: The Great Engagement Debate

What's the commotion surrounding this latest marketing buzzword? Real engagement goes beyond simply driving sales, but how? Does it have more to do with securing established customer relationships or enticing new ones, or both?

How does mail, when used in multi-channel marketing campaigns, sync with other forms of marketing to effectively maintain the two-way street of real engagement? Hear what the Advertising Research Federation has to say. The answers — and the opportunities — of engagement marketing abound!

### Ring Two: It's All About Speed to Market

Immediate ROI demands fast thinking, fast message dissemination and fast customer response. Hear what Kodak and the Barona Valley Ranch Resort and Casino are doing. This session busts the notion of sluggish direct marketing campaigns.

### Ring Three: Lunch with a Marketing Futurist

Explore the trends of the future within the direct marketing arena. Hear from John B. Mahaffie, a well-known futurist, on the next big ideas in branding and direct marketing as well as inspiring visions for the future. John writes and speaks extensively about the future of science and technology, worklife, telecommunications and health and medicine.

### ENCORE:

But wait, there's more. Experience performances by both Campbell-Ewald Advertising and the Lexus Division of Toyota USA as you learn how to reinvent the traditional marketing strategy and convince skeptics of the power of Direct Mail.



UNDER THE BIG TOP  
MASTER  
THE MARKETING  
CIRCUS



# WHERE THE PROSPECTS ARE

CHAPTER 3 FINDS THAT SOCIAL INTERACTION ISN'T WHAT IT USED TO BE. THE ONLINE WORLD OF BLOGS, GAMES AND SOCIAL NETWORKS OFFERS RICH OPPORTUNITIES TO REACH A NEW GENERATION OF CONNECTED CONSUMERS — NO MATTER THEIR AGES.

BY: LAUREN GIBBONS PAUL

To promote their movies, more companies are relying on their “friends” (as the more than 150 million MySpace members worldwide are called) to spread the word. By building a page on the online social networking site, the studios can build word of mouth for upcoming films and connect with their target audience.

Recently, third-party exit polls for one such venture indicated that 51 percent of theatergoers heard about the movie from the MySpace page.

Successful marketing requires finding where the prospects are and bringing the message to them, and the proliferation of new online congregation spaces has created new opportunities — and new challenges — when it comes to getting the message out. The creators of these spaces know this, and many go to great lengths to assist marketers in their quest.

But for every successful example of reaching out to these

***“The more a community is worth, the less likely the person who has the community will sell it. If you’re an advertiser, you should keep this in mind. To pimp out people’s attention for a few bucks is foolish.”*** **SETH GODIN**

online spaces, there are dozens of efforts that come off as half-hearted, misguided, or even outright offensive to the sensibilities of the online denizens in question — because the new media don’t behave like the old. They are much more organic and self-regulating and place users in charge of their own experience. Marketers who hope to tap into these communities may need to reconsider their approach to talking to consumers.

## Social media for grown-ups

Many marketers would give their eyeteeth to get their brand and message in front of Netizens age 25 and under — the ones weaned on cell phones and the Internet, technologically savvy and addicted to their gadgets. But the new media are not just for those targeting the youthful MySpace crowd.

Gather.com, for example, features a similar social networking platform to that of MySpace with added-value content on top. Gather.com is aimed at 30- to 60-year-olds, a seemingly odd demographic for an online networking site.

Not so, says Carl Rosendorf, president and COO of Boston-based Gather. “It’s a very engaged and informed group,” he says. Nearly 80 percent of the current 175,000 members have a minimum four-year education and higher than average disposable income. Rosendorf is quick to point out this number does not represent the full spectrum of people who hang out on Gather.com, since one does not need to be a member to access the content.

Like MySpace, Gather offers a rich array of “partnership” opportunities for advertisers. Starbucks, for example, created a Gather space to showcase its featured author Mitch Albom and his latest book, *For One More Day*. “Starbucks was looking for a social media platform giving Mitch the opportunity to be engaged with consumers,” says Rosendorf. “People could ask him questions online. People were posting pictures from book signings. It was very powerful.”

Specialty gift retailer Brookstone tried a few different types of promotions on Gather this past holiday season, and Steve Strickland, senior vice president of marketing, says early results — click-through rates and such — look positive. In addition to banner ads, Brookstone sought feedback on new products it plans to launch (such as a massage chair)

from community members. The Gather members gave honest answers about the Brookstone brand and its products, says Strickland, who sees interacting with consumers via social networking sites “part of the future of marketing.”

Marketers like Strickland are also learning, though, that in return for intimate contact, you have to give up some control. The Internet is still the Wild West for many reasons, and social network members are largely free to post what they want, when they want (short of threats or illegal behavior).

When users create the content, whether it’s writing articles on Gather.com, creating personal pages on MySpace, or uploading video onto YouTube, expect the unexpected. Marketers know this — or they learn it very quickly — according to Rosendorf, and for the most part, everyone comes out the better for the interaction: The people who visit such corporate sites almost universally already like the brand, and even if they don’t, marketers can learn how people perceive their brands.

Marketing to this new breed of user community requires a much more subtle approach than many marketers may be used to. “You can’t just plaster your brand all over the place,” says Suzie Reider, chief marketing officer for YouTube Inc., in San Bruno, Calif. “You can’t get between the consumer and what they’re trying to do on the site.”



What they do value is specialized content they can’t get anywhere else, such as high-definition versions of videos. “Marketers can bring exclusive content to these sites. The users go crazy over that,” says Reider.

Reider strongly recommends “sidling up to the community” (spending time on the site you’re targeting to get a feel for what it’s all about) before leaping in. Once you do, you should be able to figure out what sort of content or interactive opportunity will excite the community members.

## Influencing the influencers

The proliferation of blogs — and the chance of influencing these influencers — has many a marketer drooling. A couple of computer software companies made tongues wag at the end of last year when they sent high-profile bloggers expensive notebooks in a bold-faced attempt to gain influence.

The move generated tons of negative ink, especially in the “blogosphere.” Bloggers and their readers are a touchy breed, and are quickly offended by anything that smacks of blatant manipulation. Seth Godin, one of the most influential bloggers in cyberspace, receives dozens of messages from marketers every day, but passes on mentioning most of them.

“My blog is a passion for me. It has no commercial motivation,” he says, and readers know and appreciate that. Godin makes money as a motivational speaker and book author and says he finds it easy to pass up most freebies as well as advertising dollars. “The more a community is worth, the less likely the person who has the community will sell it. If you’re an advertiser, you should keep this in mind,” he says. “To pimp out people’s attention for a few bucks is foolish.”

Others disagree. The Web site Getthemblogging.com assists marketers in navigating the sea of blogs in order to target just the right one for their product pitch. While cautioning (in its own blog!) that bloggers are hip to blunt attempts to influence them, the site aims to help marketers smooth out the rough

edges of their approach. The bloggers who frequent this site have volunteered to be there, so they have more patience than the average star blogger. As such, this can be a good way to start to learn how to interact with bloggers.

In the end, it all boils down to hard work: Make something that people want to talk about, write about and — oh, yeah — buy. “You need to make remarkable stuff for edgy people,” Godin says. “That’s just starting to sink in at the Fortune 1,000.”

## Joining virtual worlds

The wide, wide world of online gaming is yet another space where marketers can let their creativity flow. While many have the perception that multiplayer online games are only for the teen and young-adult set, adults of all ages are online game fanatics, too. And that spells opportunities for marketers.

Wells Fargo launched a game called Stagecoach Island aimed at teaching financial responsibility to young adults — a typically difficult audience to reach. The fact that a bank is participating in online gaming is surely a sign of the times.

“Will a blog or online community increase a bank’s business? I don’t think anyone knows right now,” says Stessa Cohen, research director at Gartner Inc. in Stamford, Conn. To Cohen, “the key is that the banks participate in and understand the virtual communities rather than attempting to own them all. Banks may not be not driving the community but they will develop relationships with people who participate in these communities,” she says. “Such banks will be in a position to recognize customer and revenue-growing opportunities as these technologies, applications and communities mature. Banks that don’t understand them risk not only turning off new customers, but also disintermediation from participation in those communities and revenue-generating opportunities.”

The jury is yet out as to whether this will result in more dollars to the bank’s bottom line, but you have to give that marketing team credit for trying. To Godin, Wells Fargo has the right idea. “To succeed today, you have to do more than just be a little better at what you did yesterday. Why should we expect that the world will change in our favor?” **D**



# ***THE MEDIA MAKEOVER***

*BY: ANNE STUART*

CHAPTER 4 OF OUR STORY OPENS WITH THE RUSH TO ADOPT NEW MEDIA. MARKETERS NEED TO BE CAREFUL, THOUGH, NOT TO LOSE SIGHT OF TRADITIONAL CHANNELS, WHICH ARE TAKING ON NEW RELEVANCE.

Mark-Hans Richer sums up Pontiac's current marketing strategy in two words: "product fusion." That's the approach that the Pontiac marketing director has taken in reintroducing the 80-year-old brand to a new generation of potential buyers through a diverse foray into a branded entertainment. "It's part of our marketing strategy to align ourselves with other brands and products to break through to our targets," he says.

Successful product fusion requires that Pontiac not only share billing with other brands, but actually enhance those other properties: "We want to make the experience for their customer base better by us being there." That way, "we're not interrupting that experience; we're part of it."

Pontiac promoted its G6 line with a mix of branded entertainment that included outdoor video advertising and live concerts in Times Square, giving away 276 new cars to audience members on "The Oprah Winfrey Show," and sponsoring a marketing-project contest for participants of "The Apprentice." It supported those placements with media elements, creating a space on Second Life, an online virtual world, called Motorati Island, where it's developing a virtual dream machine, the Pontiac Solstice GXP.

These integrated efforts have yielded multiple payoffs: a steady increase in Web traffic, a top-10 ranking in online automotive searches, and a slew of prestigious marketing awards. It's also boosted Pontiac's "residual value" (a metric for people's perceptions of a car's value) by 14 points in three years.

Richer attributes the campaign's success to its underlying philosophy of integrating old and new marketing approaches: "It's about a targeted strategy to reach these people in a different way other than just regular, traditional advertising," he says.

Some marketers dismiss traditional marketing channels — such as print, broadcast, outdoor and direct mail — as passé in comparison with the exciting new-media options. Others, like Pontiac, recognize that those old stalwarts are evolving along with the digital upstarts — and the two have much to offer each other. Bottom line: If you toss all your old media out the back door, you're throwing away a great deal of value as well.

## Buzzworthy branding

Most people buy new cars only once every several years, and they don't think much about what they want before they start looking for one. Pontiac, Richer says, "wanted to change people's perceptions even when they weren't forced to be thinking about them" — especially the perceptions of that younger crowd.

A key component of Pontiac's strategy was using old media in new ways. The biggest example, literally: a five-story-tall billboard covering three sides of a building in Times Square. "But we decided it wasn't good enough to have a sign in Times Square. Everybody has a sign in Times Square," says Richer. "We wanted to enhance it with our own brand." So Pontiac began sponsoring live impromptu concerts from the Pontiac Garage stage in Times Square. It also partnered with the *Jimmy Kimmel Live* talk show to run streaming video of the concerts on the show's Web site.

Pontiac took the same approach in the virtual world, asking: "How can we take Pontiac and make the Second Life community better?" Their answer: by buying land — actually server space — from the virtual world's sponsors, inventing a 96-acre

*"We don't believe in going in with only half the army. We use an integrated model that typically combines a customized direct-mail appeal, a personalized Web site and individual phone follow-up from service reps."*

MIKE PANAGGIO, CEO OF DME

island called "Motorati," then offering Second Life "residents" free parcels for entrepreneurial or artistic projects helping to "create a vibrant car culture within the community."

Since Motorati's launch in November 2006, residents have launched a track for virtual car races and a boutique offering race-themed attire for Motorati avatars. It's too soon to say whether Pontiac's Second Life investment will pay off in greater brand recognition or higher sales, but Richer is optimistic. "It's based on the same strategy that got us on *The Apprentice* and *Oprah*. They all have passionate fans," he says. In all those earlier efforts, "the business results are validating what we do. We're very happy with them."

## Mail merge for TV

Another convergence point of old and new comes in the form of "addressable" advertising, which strives for a similarly relevant approach in video form. The approach delivers different versions of a single commercial to individual viewers based on demographic data in the household's digital set-top box.

Tara Walpert, president of addressable-advertising vendor Visible World, describes the process as similar to "mail merge for video" — software programs that create multiple personalized versions of letters from a single template and database. Ideally a bachelor might see a cruise line's commercial for a singles trip while a couple with kids sees an ad for a family-oriented cruise.

United Airlines used addressable advertising to promote the 2004 launch of a new low-cost, leisure-oriented spinoff called Ted. "The name alone is very different. The advertising had to be different as well," recalls Jerry Dow, then United's managing director for worldwide communications.

Using Visible World's technology, United ran ads targeting specific Chicago suburbs. "When the commercial says 'Arlington Heights, say hello to Ted,' it's breaking down a barrier," says Dow. The result: immediate, strong name recognition with a local, almost friendly feel — exactly the image of Ted that United wanted to promote.

Geographically targeted commercials aren't new, notes Kevin Epstein, author of *Marketing Made Easy*. "Local stations have been doing local ad insertion practically since the days of black and white TV." What's changed is that technology is enabling marketers to create higher-quality ads and to tweak them for more tightly defined audiences. "Of course, the optimal approach is true one-to-one marketing, custom-tailored to one household," Epstein says. "And we're getting there."

## (Almost) infinite variety

Old and new media are equally intertwined in direct mail — so much so that Mike Panaggio, CEO of DME, a direct-marketing company, no longer considers himself to be in the printing business. DME farms out most of its traditional static printing so Panaggio and his staff can concentrate on more complex database-driven methods for helping their clients target customers.

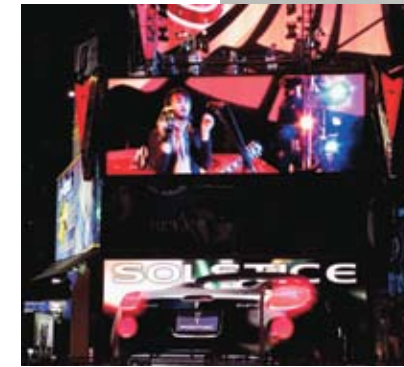
"We don't believe in going in with only half the army," Panaggio says. "We use an integrated model that typically combines a customized direct-mail appeal, a personalized Web site and individual phone follow-up from service reps."

That approach represents massive improvement over the traditional "carpet-bombing" method of mass mailing, says Scott Zientarski, director of database marketing for AutoNation Inc., the nation's largest network of automobile



### Old Meets New

A key part of Pontiac's strategy was using old media in new ways: Enter a billboard in Times Square and an online space at secondlife.com.



INSET: GETTY IMAGES



# ***DIRECT UNBOUND***

BY: LINDA FORMICHELLI

IN OUR FINAL CHAPTER, DIRECT MARKETING IS SUDDENLY FREE FROM THE OLD BOUNDS THAT HELD IT, TO FIND NEW WAYS OF BECOMING A RELEVANT PART OF MARKETING'S FUTURE.



INSET: MARK LEONHARD/ACME PHOTO WORKS

# W

ell, then. What about direct? Given the way that consumer empowerment and digital technologies are changing the world of marketing, how will direct evolve so that it plays as vital a role in the future of marketing as it does right now?

In the broadest sense, direct marketing will continue to play a pivotal role in any truly integrated marketing campaign, says Larry Kimmel, chairman and CEO of G2 Direct & Digital, formerly Grey Direct. "Direct marketing is not direct mail, DRTV, e-mail, or DR print," says Kimmel. "Rather, direct marketing is a method that seeks to implement the most efficient and effective marketing communications initiatives.

"The world of marketing will forever change, but direct marketing with its ROI maximization mentality will always play a leadership role," says Kimmel. "We are the ones that can lead to a path to discover the most effective strategies once again."

That's certainly been the case with the Internet, where interactive marketers have looked to the world of direct for guidance, says Michelle Bottomley, co-managing director of OgilvyOne, which specializes in interactive marketing. "We are seeing an aggressive move into Web 2.0 by direct marketers to integrate direct marketing techniques into digital channels," she says. For example, "As video proliferates online, we're using more direct response TV on Web sites, as well as within banner ads that have a 'click to talk with agent' option."

Beyond that, direct mail has also found a role in helping drive Internet traffic in a highly targeted and relevant way. After all, it's not every company that can afford the keywords to place their Web site at the top of the search results. Sometimes it's easier and more affordable to drive the customers to your Web site through direct mail.

"When people get a postcard directing them to your Web site, they're not going online to search for people who sell cars," says Keith Goodman, vice president of corporate



#### Decoding Direct Mail

MINI USA got enthusiasts engaged with the brand with a direct mail campaign that involved secret messages and decoders.

***"We use direct mail to send premium gifts to get people psyched about car ownership. When we use direct mail with our targeted audience, we can send higher-quality pieces like 3-D boxes with multiple pieces. They're substantial and owners look forward to receiving them."***

**KATE ALINI, MARKETING COMMUNICATIONS MANAGER, MINI USA**

solutions for Modern Postcard, a direct mail advertising company. "They're going to your Web site to respond to a specific offer with a purpose to buy. The visit is supported and created by direct mail."

Smart marketers have long known that pairing the push of direct mail and the pull of the Web yields better results than relying on one or the other. A large national study of catalogs and Web sites found that customers who received a catalog were twice as likely to make an online purchase, and that they generally spent 16 percent more than other shoppers.

#### Where direct rules

Customer acquisition is another area where direct is demonstrating relevance. While e-mail queries are less expensive, they're also less likely to be noticed, says Goodman. "When you get an e-mail message from somebody you don't know,

what do you do with it? If it makes it past the spam filter, you delete it. So why would you expect anyone else to act differently?" he asks.

In fact, a recent study confirms that some consumers are far more irritated to find offers in their e-mail inbox than their mailbox. The University of Georgia Grady College of Journalism and Mass Communication asked a small group of students to rank mail and e-mail on how intrusive they were. On a scale of one to seven, where one is most intrusive and seven is least intrusive, they ranked e-mail a 1.93 and mail a 4.24.

In focus groups related to the research, consumers said it was easier to sort through their mail and find the messages most useful to them. They also felt they were more likely to receive useful tools, such as sales promotions, through the mail.

In addition, the tactile nature of direct mail makes it ideal for marketers who want to wow an audience by providing something special and unexpected.

"We use direct mail to send premium gifts to get people psyched about car ownership," says Kate Alini, marketing communications manager for MINI USA. "When we use direct mail with our targeted audience, we can send higher-quality pieces like 3-D boxes with multiple pieces. They're substantial, and owners look forward to receiving them."



#### Be Direct

Want customers to go to your Web site? Send them a postcard directing them there.

Alini's company recently reached out to MINI Cooper enthusiasts using special mailings to get them more deeply engaged with the brand. The "covert campaign" mailed boxes of spy-themed goodies like decoders and books with secret compartments to 150,000 MINI Cooper owners. Recipients could lay the decoders over MINI's print ads to decipher a secret message that sent them to a special Web site, where they could then sign up for MINI-branded prizes.

Because direct mail is highly targeted, mailing high-end pieces is more cost-efficient and marketers can spend more on "higher-quality, more enjoyable materials," adds Peter Sealey, adjunct professor at the Peter Drucker School at Claremont Graduate University.

## Playing well with others

One key to the success of direct will be maintaining the existing integration with other forms of marketing. Very few marketers are single-channel," says Russell Winer, Ph.D., professor of marketing at NYU's Stern School of Business. "They look at the set of tools available to them. They're taking a look at their budgets and the kinds of products they're selling and the kinds of customers they're trying to reach and finding the best way to reach them."

More and more that means communicating with customers in the way they expect you to, and delivering value through all channels. For example, Sealey notes that the redemption rate for electronic coupons is 14 percent to 15 percent, compared to 3 percent for paper coupons. That's an opportunity for marketers to use targeted direct mail to drive recipients to their Web sites for electronic coupons and boost response rates.

And it applies to things as simple as the response mechanism for any offer, Goodman says. "Different age groups will respond in different ways," he says. "Kids are very apt to go to a Web site to buy something or to respond via cell phone. Senior citizens are more apt to fill out a reply card, and boomers are very comfortable with calling or going to make a visit. You need the appropriate response device for each generation."

Not only that, but because it has long been an accountable and highly measurable communication stream, direct will continue to be an effective tool for marketers enchanted by their ability to measure Web site hits or downloads. In that way, the Web may give direct marketing a boost by reminding the industry just how accountable it can be.

That's good news for direct marketers. And, in fact, the entire digital revolution is good news for direct marketing. Because while direct mail was certainly effective before, new media provide the chance to make it more effective than ever. **D**

INSET: MARK LEONHARD/ACME PHOTO WORKS

# Direct Leads the Way

Direct marketing will always be relevant: provided we know what "direct" really is

**THERE'S BEEN A LOT OF TALK** about the role of direct marketing in the new media world. What it really comes down to is this: What is your definition of direct? Too many people still define direct marketing as a channel-centric approach. Direct marketing is a method that seeks to implement the most efficient and effective marketing communications initiatives. It's not a channel, or even a series of channels, but rather an approach: accountable communications that are designed to maximize ROI.

Many people who think they're interactive marketers are really direct marketers and don't know it. The people who work in search don't define themselves as direct marketers, but really, they are.

As direct marketers, it's in our DNA to evaluate every communications tactic for what it's driving in terms of response, sales and lifetime value. Which means that direct is even more important in this new world order.

It should be noted that direct mail remains a critical element of the marketing mix. First, there is no ambiguity in its effectiveness, unlike some of the new media options. Additionally, the universe of prospect populations is virtually unlimited and the amount of information for targeting is unsurpassed in media options.

In the rush to embrace new media, some marketers adopt tactics that are still unproven in terms of ROI. Whether it's social networking sites, blogging or branded entertainment, often the new options are hard to measure and substantiate. That doesn't mean these channels shouldn't be aggressively deployed; only that direct marketers should seek to qualify their profit contribution.

Direct doesn't need to do any work to stay relevant, but direct marketers do. If marketers define themselves as channel-centric, they're missing the point of direct. My heartfelt belief is that if direct marketers have acquired this terrific skill set that they've been using their entire careers, they will never become irrelevant.

So, in a world of new media, direct marketing and direct marketers become even more important. We are the ones who can lead the way. The world of marketing will forever change, but direct marketing will always play a leadership role.

*Larry Kimmel is CEO of G2 Direct & Digital, formerly Grey Direct.*

PHOTOGRAPH BY MITCHELL GRAY